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Acting Chief, Finance Division

15 February 1953

Deputy Comptroller

Accounting System - Finance Division

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REFERENCES: Memoranda from Deputy Chief, Finance Division to Comptroller dated 29 December 1952 and 21 January 1953, subject: same as above.

1. Reference memoranda transmitted for approval a proposed system of general ledger accounts and proposed format for financial reporting covering the scope of the Finance Division's accounting responsibilities.

2. These proposals have been carefully reviewed in the light of internal control, comprehensive information, their use in over-all Agency reporting, management usage and accepted accounting practices. While we have a number of minor reservations concerning the account terminology, arrangement of accounts, specified posting media, forms of reports, etc., their adoption, effective as soon as practicable, are approved subject to the following major changes which should receive implementation as a part of the procedures.

a. Accounts should be provided for maintaining general ledger control over retirement fund contributions for employees and agents on the Finance Division payrolls, in lieu of reporting contributions to the Fiscal Division to be incorporated in its retirement accounts. These may be established as memorandum accounts in a 700 series by providing for three accounts as follows: No. 710 - "Retirement Contributions, Deposited with Treasury-Debit"; No. 711 - "Retirement Contributions, Prior Calendar Years-Credit"; and No. 712 - "Retirement Contributions-Current Calendar Year-Credit". Suggested account descriptions and pre forma journal entries will be provided by the Technical Accounting Staff.

b. Accounts should be provided to maintain general ledger budgetary accounts to control allotments, obligations, and appropriation expenditures in addition to unused balances of appropriated funds made available to the Finance Division, and current costs. These accounts are required to make available within the general ledger of the Finance Division information to reflect:

(1) the current status of funds allotted to the Division

(2) the total costs incurred against which the subsidiary cost accounts maintained by organizational units and projects may be reconciled, and

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(3) the portion of the Agency's total invested and donated capital which represents accountability of the Finance Division.

This change in accounting concept also will be of assistance in implementing the establishment on the records of the Finance Division of real asset accounts for the Agency's investment in property in use and in stores, together with investments in proprietary projects, both of which can be recorded as appropriation expenditures. This suggested change may be effectuated by the establishment, at this time, of additional accounts, as follows:

(1) Assets

Account #135 - Disbursing Officer's Cash Available to Finance Division. Debit for amount of UV allotments, with contra credit to Account 510; credit for amount of vouchers processed against appropriation signed by DCI with contra debit to Account 511, and credit with payments made by Fiscal on behalf of UV allotments.

(2) Budgetary Accounts

Account #450 - Invested and Donated Capital.
#510 - Unobligated Allotments (by F.Y. with decimal)
#520 - Unliquidated Obligations (By F.Y. with decimal)
#530 - Expended Appropriations (by F.Y. with decimal)

The accounts 510, 520, and 530 will be posted monthly from allotment ledger summaries. Account 450 will be posted by closing the expended appropriation (#530) and current costs accounts (600) each fiscal year-end.

(3) Cost Accounts

Account 600.1 - Current Costs - Direct Allotment Charges.

Account 600.1 will be charged with all allotment charges which represent current costs - contra credit will be made to the appropriate asset or liability accounts.

Account 600.2 - Current Costs - Property.

Account 600.2 will be charged with all issues and write offs of property which represent costs, contra credit to Account 170.

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The Technical Accounting Staff will work closely with both the Fiscal and Finance Divisions in the implementation of these changes and will render such assistance and guidance as may be deemed necessary in perfecting these accounting principles.



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